S&P Global
Market Intelligence

Argo Group International Holdings, Ltd. NYSE:ARGO

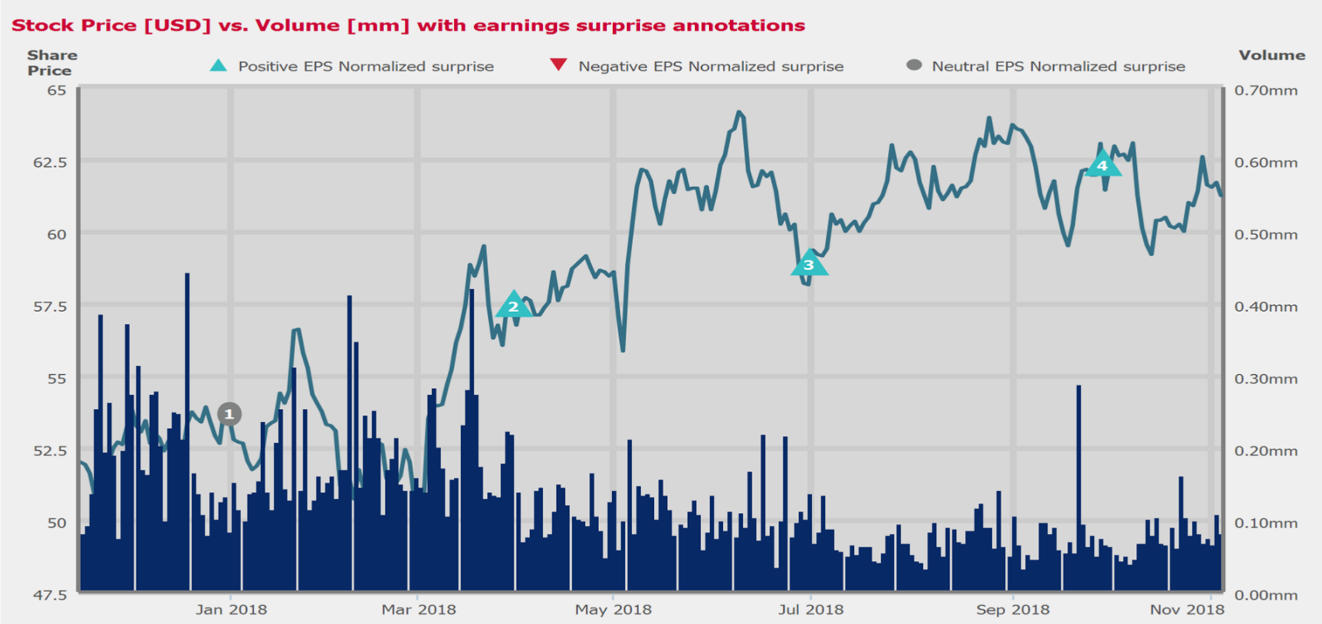
FQ3 2018 Earnings Call Transcripts

Tuesday, November 06, 2018 3:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2018-			-FQ4 2018-	-FY 2018-	-FY 2019-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.62	0.68	9.68	0.68	3.46	4.00
Revenue (mm)	463.72	498.90	7.58	472.23	1835.40	2002.30

Currency: USD
Consensus as of Nov-06-2018 6:15 AM GMT



- EPS NORMALIZED -	CONSENSUS	ACTUAL	SURPRISE
FQ4 2017	(0.41)	0.01	NM
FQ1 2018	0.82	1.05	1 28.05 %
FQ2 2018	0.89	0.95	2 6.74 %

Table of Contents

Call Participants

EXECUTIVES

Jay Stanley Bullock
Executive VP & CFO

Mark Edmund Watson
President & CEO

Susan P. Spivak Bernstein
Senior Vice President, Investor Relations

ANALYSTS

Christopher Campbell
Keefe, Bruyette, & Woods, Inc., Research Division

Jeffrey Paul Schmitt
William Blair & Company L.L.C., Research Division

Marcos Costa Holanda
Raymond James & Associates, Inc., Research Division

Presentation

Operator

Hello, and welcome to the Argo Group 2018 Third Quarter Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded.

I now would like to turn the conference over to Susan Spivak Bernstein. Please go head, ma'am.

Susan P. Spivak Bernstein
Senior Vice President, Investor Relations

Thank you, and let me add my good morning, and welcome to Argo Group's call for the third quarter of 2018. Last night, we issued a press release on earnings, which is available on the Investors section of our website at www.argolimited.com. Presenting on the call today is Mark Watson, Chief Executive Officer; and Jay Bullock, Chief Financial Officer.

As the operator mentioned, this call is being recorded. As a result of this conference call, Argo Group management may make comments that reflect their intentions, beliefs and expectations for the future. Such forward-looking statements are qualified by the inherent risks and uncertainties surrounding future expectations generally and may materially differ from actual future results involving any one or more of such statements.

Argo Group undertakes no obligation to publicly update forward-looking statements as a result of events or developments subsequent to this conference call. For a more detailed discussion of such risks and uncertainties, please see Argo Group's filings with the SEC.

With that, I'll turn the call over to Mark Watson, Chief Executive Officer of Argo Group. Mark?

Mark Edmund Watson
President & CEO

Good morning, and I'd also like to welcome you to today's call on our third quarter 2018 earnings. As I reported last night, our third quarter 2018 adjusted operating income was $0.68 per diluted share versus a loss of $1.66 per share in the 2017 third quarter. And an adjusted operating earnings for the first 9 months of 2018 of $2.68 per diluted share compares to $0.15 per diluted share in the first 9 months of 2017.

We've all heard that expression, what a difference a year makes. And well, here so far this year we had one. Let me explain. For our industry, the third quarter is usually full of CAT activity from somewhere in the world, and Argo is no different. What is different is how we manage our volatility this year.

A year ago, we discussed the financial output of multiple reinsurance and retro retentions and how things would look differently in 2018 versus 2017. And fortunately, as we suspected last year, there's an obvious difference, and that is reduced volatility in an active catastrophe loss quarter with the important commonality of continued strong underlying performance, as evidenced by the core non-cap loss ratios.

Following the integration of Ariel Re, moving into the 2018 underwriting year, we're now using more capacity from the capital markets as well as restructuring our reinsurance program to reduce earnings volatility. And while it isn't necessarily something that you want to test, results in the third quarter of 2018 demonstrated that the changes we made are doing just what we set up to do; protect our income statement and balance sheet from losses in a period of similar frequency to the third quarter of 2017 where industry results were impacted by several natural catastrophe loss events on a global basis.

Looking further into our results for 2018, you can see the benefits of the strategic growth in digital initiatives. In both the third quarter and first 9 months of 2018, the company grew overall premiums, but more importantly improved margins on both a calendar year and accident year basis, improved our expense ratio and generated an underwriting profit, despite high catastrophe loss activity in the quarter.

In terms of overall pricing adequacy for the group, year-to-date rates are finally moving up again. Not as much as they should in some places, the London market in particular, but moving up nonetheless. In the U.S., our operations continued to generate very strong underwriting results with double-digit growth in gross written premium and the top-quartile loss ratios. Gross written premiums rose 12.5% in the third quarter and 11.9% for the first 9 months of 2018.

More importantly, all of our strategic business lines, property, liability, professional and specialty, grew in both the third quarter and 9-month period. The use of digital tools and process optimization have enabled us to increase efficiency. Simply put, we're now in a place in the U.S. where we're finally getting to scale, and I plan to talk more about this when we report our fourth quarter results.

From a profitability standpoint, our combined ratio improved to 88.6% from 97.9%, and the ex-CAT accident year loss ratio was essentially flat in the 2017 quarter and moved up slightly to 58.4% from 57.5% in the 9-month comparisons. The change in this ratio is primarily due to a modest business mix shift. Pretax underwriting income was $31.8 million in the third quarter, a significant increase from the $5.6 million in 2017 for the U.S.

Prior-year loss development continues to be a positive contributor to the U.S. result for both the quarter and 9-month period. For the first 9 months of 2018, pretax underwriting income was $74.2 million compared to $55.7 million in 2017. I think it's been a really good 9 months for the U.S., and I want to congratulate Kevin Rehnberg and his team for how well things are going so far this year.

Now moving on to our International Operations, which are also seeing improvement in execution on our strategic initiatives. While we had a reported gross written premium decline of 5.5% in the third quarter of 2018 compared to 2017, it is important to note this decline was the direct result of actions we've discussed before. First, we increased the use of third-party capital on our Syndicate operations which had the effect of reducing our top-line by approximately $53 million year-over-year. This was also part of the post Ariel Re restructure integration I mentioned a moment ago, an important part of the reduced earnings volatility.

In addition, the reduced premium reflects underwriting actions we began a year ago on select business lines at Syndicate 1200, most notably in property classes, as well as the nonrenewal of certain casualty accounts in our Bermuda operations. While I could have more to say at the end of the fourth quarter, it's important to note that many of the issues the industry is facing in London, we started responding to over a year ago, not just in the third quarter of this year.

International results in both 2017 and 2018 reflect the elevated level of catastrophic activity. While we reported a pretax underwriting loss of $7.7 million in our international business, that resulted to much improvement compared to the loss of $82.7 million in the 2017 third quarter.

From a profitability standpoint, the ex-CAT accident year loss ratio improved to 54.3% compared to 60.9% in the 2017 third quarter and to 55.7% from 57.2% in the 9-month comparison. For the 9-month period, we generated an underwriting profit of $14.5 million in our international business compared to a loss of $78.1 million in the same period for 2017. For the first 9 months of 2018, pretax underwriting income was $34.9 million compared to a loss of $60.1 million in 2017.

Turning to investments. Performance in the quarter was positive with a total return of 1% and a 12% increase in net investment income compared to the prior year. Driving net investment income is our growth in our core bond income of 13% and growth in our risk portfolio's bond income of 45% year-over-year.

While treasury rates increased 20- basis points, as measured by the U.S. 10 year, corporate credit spreads tightened supporting some positive contribution by our bond portfolio. The Fed September rate hike occurred as expected and did not disrupt markets. For Argo, our core bond portfolio was up 0.4% in the quarter due to our short duration of 2.4 years, including cash. And our $1 billion-plus risk portfolio was up 2.6% in the quarter, benefiting from stock gains and solid performance from alternatives, which are primarily hedge funds and PE structured funds.

Much like prior quarters, we continue to trend the risk portfolio as it grows. In the third quarter, we reduced the risk portfolio by nearly $70 million through the sale of stocks, high-yield bonds and fund redemptions. Offsetting this reduction was growth or asset appreciation of $33 million.

Furthermore, as new money was generated from Argo's underwriting operations during the quarter, it was invested in the core bond portfolio, where nearly 90% of all bonds added were weighted -- were rated AAA, which is a phenomenon we haven't seen in a couple of years and a positive outcome. In this continued environment of limited absolute returns, we believe our total return investment strategy is the best way to create shareholder value and has been and will continue to be a meaningful contributor to the growth in book value per share over time.

As you all have noticed, October was a fairly volatile month in the capital markets. Considering this and, of course, subject to the balance of the year, contribution to investment income from what we identify as alternatives could be a pretty flat number for the fourth quarter.

Turning back to our underwriting operations. Over the last year at many of the conferences I've participated in as a speaker or panelist, the focus has been on the impact of technology, artificial intelligence, in particular, and digitalization of our business. As I've said before, this is a trend that we saw coming and identified nearly 2 decades ago.

What surprised us is how long it's taken the industry to embrace the inevitable change. Now that it has, many companies are scrambling to keep up, and those that don't naturally adapt to change quickly, I think, may be left behind the curve. The commitment we made to develop our digital platform, provides us with the opportunity to anticipate the changes in the business model, not simply respond to changes as they happen, as others might.

At Argo, we continue to drive the contributions of our digital transformation with the combination of traditional IT modernization, refinement of our digital strategy, use of an investment in new technologies from our insured tech partners and the efforts of our own international solutions group, Argo Digital.

Our technology strategy focuses on improving the customer experience by simplifying the underwriting process to make Argo the preferred specialty carrier with whom brokers and insureds look to transact business in each of our defined niches.

About a year ago, we launched an online quick-quote system for one of our businesses. We've seen submission flow increase significantly quarter-over-quarter, including a number of new business quotes from several brokers that had never previously transacted with Argo. This system, developed internally by our own digital group, not only improves the speed and accuracy for the brokers but helps us with the risk selection as well.

In previous quarters, I've also mentioned a new application tool for our smaller management liability business. We are getting very positive feedback for all the self-service, rate quote bind and issue platform for private company D&O. Before the platform was launched, it was not uncommon to experience submission to quote times of 4 days. That same process is now down to 3 hours. The growth rate of the program this year is impressive, and I look forward to updating you with further detail in future quarters.

Following these positive experiences, we're in the process of bringing other specialty products on to the same quoting platform to deepen and strengthen our relationships with brokers and insureds by simplifying the underwriting process and the ease of doing business through our proprietary digital tools. In addition to leveraging the benefit of our digital tools externally, the investment in digitalization has brought a number of tools to our internal IT operation that are geared towards improving operating efficiencies.

We continue improving the speed and efficiency of our submission clearance, allowing our underwriters the ability to handle a higher volume of submissions, as we automate rogue tasks. By digitizing the underwriting guidelines for over 1,200 classes of business, we've been able to provide automated clearance for a portion of our small account portfolio, and we continue to add functionality to this platform as well. And eventually this platform will be applied to all of our high volume transactions or at least that's our goal.

Another digital tool is the first version of our next-generation predictive analytics underwriting dashboard. Developed by Argo Digital in collaboration with our actuarial group, this is the first iteration of a platform that utilizes our own underwriting data, blended with a large volume of third-party data and applies proprietary algorithms into optimizing underwriting outcomes.

It deploys artificial intelligence to provide continuous feedback, which should improve client experience and underwriting profitability. We see great future benefits from this initiative, and again, I look forward to updating you on the progress of this initiative in future quarters. I hope you can tell from the amount of time that I'm spending on these quarterly calls how important digitization of our company is and our business future as well.

As I said earlier, our industry is changing radically, and I really believe those who win in the future will be focused on using technology to reduce losses through risk management and meaningfully improving the customer experience. Just moving on to capital management for a minute. We're, in my opinion, financially stable and operationally nimble with the ability to go in and out of markets and also take our available capital and put it quickly into opportunities as they show up.

If we don't see immediate opportunities, we have demonstrated that we're a good steward of capital and will repatriate to shareholders. Our number 1 priority remains deploying our capital into the business where we see attractive returns. This can be achieved through organic growth or by acquisition. However, if we don't see opportunities to deploy the capital in the business, we will return capital to our shareholders through share repurchases. And in addition to the quarterly cash dividend, historically, our board has declared both stock and special cash dividends to our shareholders as well.

During the first 9 months of 2018, we repurchased $30 million of our stock. And between stock buybacks and dividends paid, we've repatriated nearly $640 million of capital since 2018 -- excuse me, 2010.

So in summary, while we prefer not to have had the level of CAT activity that we saw in the third quarter, it did show that we have the right reinsurance and retro programs in place protecting our income stream and balance sheet. Our underlying underwriting results continue to improve. We're growing in the areas where we planned. I believe, our expense ratio is headed in the right direction, and we expect the combination of the above to generate higher returns for our shareholders and look forward to updating you on our continued progress at the end of the next quarter.

And with that, I'll turn the call over to our CFO, Jay Bullock.

Jay Stanley Bullock
Executive VP & CFO

Thanks, Mark, and good morning, everyone. I'll focus my comments today on some key highlights and explanations to the financial results we reported last night, and then open it up to questions.

Commenting first on revenue, the U.S. Business continued to perform well through the third quarter. Growth in target markets reflects our investment in people, digitization and technology, as Mark discussed. 2 things worth mentioning, again in our international segment, the year-over-year third quarter gross revenue numbers, as expected, declined compared to the same period in 2017, primarily the result of an increased use of third-party capital.

This increase, coupled with the restructured and combined reinsurance program Mark discussed, is reflected in the quarter's result for several loss events. I'll provide some more detail on that in a moment. In addition, for comparison, we mentioned in our release that net earned premium for the international segment in the quarter included the benefit of approximately $11 million from binders received in the quarter related to the 2017 year-of- account within Syndicate 1200. As binder premium is based on estimates at origination, this simply represents a greater amount reported than originally estimated. And when adjusting for this premium and the resulting acquisition cost and loss pick, ratios for the group remain effectively unchanged.

Turning to our margins. The overall loss ratio for the quarter was 62.1% compared to 83.8% in 2017. Improvement reflects lower CATs and a lower current year loss ratio. The accident year loss ratio, excluding CATs and prior year development, improved to 56.5% in the third quarter from 58.9% in 2017, reflecting selected re-underwriting, primarily in our international businesses and as we discussed previously premium adjustments related to last year's CAT reinsurance programs.

For the 9-month period, the loss ratio was 59.4% in 2018, an improvement from 66.7% in 2017. Excluding CATs and prior year development, the loss ratio was 57.3% compared to 57.4% in the same period, so in effect, unchanged. As we preannounced, the provision for catastrophe losses in the quarter was $24.6 million and included losses from Hurricane Florence, Typhoon Jebi and other smaller events. As well, this provision included approximately $3.5 million related to the aggregate contracts in our reinsurance business that were impacted by catastrophe losses.

The inclusion of the losses on these contracts in catastrophe is reflected in the slightly lower than expected ex-CAT and prior year loss ratio for the quarter reported in the international segment. In the third quarter of 2018, development on prior year reserves was unfavorable by $0.3 million compared to favorable development of $1.3 million in the third quarter of 2017, bringing the 2018 year-to-date development to $4.1 million favorable compared to unfavorable development at the same time last year of $4.4 million.

Finishing up on margins, the expense ratio was 37.6% in the 2018 third quarter and 37.9% for the 9 months of 2018, fairly stable with 37.5% reported in the second quarter of 2018 and improved from 38.1% in the first 6 months of 2018. The expense ratio improvement reflects operating efficiencies, increased scale and the use of technology in our digital initiatives.

Comparisons to the reported prior year expense ratio are less meaningful as 2017 ratios were inflated, as the one-time catastrophe and risk management reinsurance purchases in 2017 reduced premiums earned and some one-time expenses. However, when these items are excluded from the 2017 3- and 9-month periods, the 2017 expense ratio would have been 39.5% and 39%, respectively. So again, we feel good about the improvement in our expense ratio.

Moving along to address some other items in the financials. The drop in fee income for the quarter reflects the gain on sale in 2017 of a portion of our business unit focused on managed premiums. The fee income in the current quarter reflects a more normal run-rate in this line item for the foreseeable quarters.

To income tax, the expense for the quarter was $4.7 million and represents a 10.2% effective tax rate versus an assumed rate of 20%. The lower tax rate primarily reflects the benefits of amended returns in the U.S. for the 2014 and '15 tax years, which lowered the group effective tax rate in the quarter by approximately 5 points. And to a lesser extent by the earnings contribution percentage in the 2018 third quarter from our Bermuda operations.

Our year-to-date effective tax rate was 15.8%, and the benefit impact of the amended returns was approximately 2 points. So excluding this onetime benefit, the effective tax rate for the 9 months would be 17% to 18%. And as we've discussed in prior quarters, we continue to evaluate the impact of the U.S. tax changes in our tax planning strategies and will communicate changes to our assumed tax rate, if and when appropriate.

Next to the balance sheet. A modest increase in several balance sheet items reflects growth -- growth we've seen in our business in the last 9 months and to a lesser extent the effects of a small acquisition we made in Italy earlier this year. The biggest impact on the capital accounts through the 9 months has been the rising rate environment, which has led to a decline in unrealized gains of approximately $84 million. Operator, that concludes our prepared remarks. We're now ready to take questions.

Question and Answer

Operator

[Operator Instructions] And the first question comes from Marcos Holanda with Raymond James.

Marcos Costa Holanda
Raymond James & Associates, Inc., Research Division

My first question is around the expense ratio. There was a notable improvement there in the quarter. And Mark, I know you touched on some points in your prepared remarks on the tech investments. But I was hoping you could -- you guys could give us some more color there on what drove the reduction and perhaps take this opportunity to give us an example of where you guys are harvesting those efficiencies?

Jay Stanley Bullock
Executive VP & CFO

Yes, I think the simplest thing that drove the improvement is scale and relatively flat overall expense for the quarter and for the 9 months. So expenses have been pretty close to flat over that period, which -- scale I think is a reflection of some of the things that we've done in our digital initiatives, enabling us essentially to process more business with the same amount of people, because we're getting that business in front of people in a more efficient fashion, and we have tools that help those underwriters make decisions on that business more quickly.

Mark Edmund Watson
President & CEO

And a lot of those tools have been developed by Argo Digital.

Marcos Costa Holanda
Raymond James & Associates, Inc., Research Division

Got it. And my second question is around the reserves. You guys, I think, posted the unfavorable development in the quarter and reserves have been developed favorably for over the past several quarters. So is there anything there that you guys would add to?

Mark Edmund Watson
President & CEO

Well, I mean, it deteriorated in the aggregate by $300,000 on a reserve base of $3 billion. So I wouldn't read anything into that. For the most part, our reserves have been developing favorably for the last 13 years, and there's always a bit of lumpiness from 1 quarter to another.

Marcos Costa Holanda
Raymond James & Associates, Inc., Research Division

And just finally, do you guys have any visibility around Michael losses for the fourth quarter?

Mark Edmund Watson
President & CEO

Well, I know that a few people have put out estimates. But I think it's a little early for us to do so, given all the different places that we might see some losses coming in. But I think that if the third quarter is any guidance for the fourth quarter as compared to a year ago, and I think that should give everybody a fair amount of comfort on the net impact to us.

Operator

And the next question comes from Christopher Campbell with KBW.

Christopher Campbell

Keefe, Bruyette, & Woods, Inc., Research Division

My first question is on the expense ratio. So if I'm looking at it, just how much of what we're seeing is regular IT expenses versus these digitization investments? And do these -- are these -- and how long are we anticipating that these digitization investments continue?

Mark Edmund Watson
President & CEO

So Chris, the majority of the money -- the majority of our expense every quarter is on general IT supporting our infrastructure, supporting the business application and lesser amount of our digital initiatives. And I would expect that both of them would go on, and they are a core part of the company. We'll always be spending money on IT to support our business. It's all based upon technology. And most of the innovation we have today is coming out of our digital team. So I would expect that to continue as well.

Christopher Campbell
Keefe, Bruyette, & Woods, Inc., Research Division

Got it. And just switching to the buyback. It was little bit lower than I expected. Is that just normal like third quarter not buying back a ton during CAT season or anything special there?

Mark Edmund Watson
President & CEO

Well, no. I mean, actually, on average, we bought back about $40 million worth of stock each year. So I think we're kind of on track for the year. Having said that, we -- there have been years when we bought back less in the third quarter. Last year was a good example of that. But I think if you look back over the last 7 or 8 years, I think we've averaged about $40 million a year. And by the way, just to go back to your expense ratio question. I think that we'll keep spending the same amount of money, but keep in mind, as we keep growing earned premium, that will become a smaller amount on a relational basis. Meaning we should see our expense ratio begin to decline.

Christopher Campbell
Keefe, Bruyette, & Woods, Inc., Research Division

Got it. And just following up, that's a good point, on the expense ratio, like where long-term are you targeting? Is it like 36%, 35%?

Mark Edmund Watson
President & CEO

Well, I think, that Jay and I have both been pretty consistent in saying what we care most about is underwriting margin or combined ratio. And we'd like to see that in the low 90s. That's going to come from a combination of both improved loss ratio and improved expense ratio. Given where our loss ratios are in the mid- to high 50s, in order for us to get to the low 90s, you would imagine a lot of that improvement has to come from improving the expense ratio. And so yes, I think our goal is to get it down from just under 38% to 37%, 36% and maybe down to 35%. But I think that that's something that I think we will spend more time talking about next year as some of the things that we're doing this year begin to impact the financial statements in a more positive way next year. Right now, my focus is just making sure that we're able to manage volatility the way that we talked about a year ago. And fortunately, I think the third quarter has gone well for us in that respect.

Jay Stanley Bullock
Executive VP & CFO

Yes. By the way, the expense ratio did improve.

Christopher Campbell
Keefe, Bruyette, & Woods, Inc., Research Division

Yes, yes, yes, definitely so. Yes, it's understood. Getting improved more, right, is the next question. Just one final one on Lloyd's. I'm just thinking about Syndicate 1200. You guys have been ramping down the participation in that annually. And Lloyd's is doing a lot of work to kind of weed out underperforming Syndicates, being tougher on the business plans. How is all of that work happening at Lloyd's impacting your view of participation, as you submitted this year's business plan for 2019?

Mark Edmund Watson
President & CEO

Yes. So a lot of what, I think, you and others have been reading about in the media are things that we began working on at one of our Syndicates 1200 a year ago. And so ours was our -- the things that we were -- the changes that we wanted to make in the Syndicate we had started a year ago and really got into at the beginning of this year. So we were getting near the end of the things that we wanted to do. How that impacts our participation for next year? My guess is that we'll take a larger share of 1200 in '19 than we did in '18.

Operator

And the next question comes from Jeff Schmitt with William Blair.

Jeffrey Paul Schmitt
William Blair & Company L.L.C., Research Division

Question on the online quick quote platform. How much premium volume do you have flowing through that now, and what lines did you say are on there now?

Mark Edmund Watson
President & CEO

So it's still -- I mean this is brand-new. So it's still measured in million of dollars, not hundreds of millions of dollars, and it's mainly all liability business.

Jeffrey Paul Schmitt
William Blair & Company L.L.C., Research Division

That's what I thought. And what lines can you put on there, obviously higher transition type of business?

Mark Edmund Watson
President & CEO

Well, as I think I said in my remarks earlier, I think we'll put -- I think I said high volume. What I probably should have said was I think we can put all of our small account business on that over time. Having said that, I think, it will be an iterative process. Remember, the first thing that we did was, oh gosh, over 5 years ago, when we launched our Protector platform for professionals in Brazil, which we now -- I mean, this is just an iterative of that in the U.S. So the goal is to have all small account business on either this platform or a platform similar to this over the next couple of years but it does take a while to kind of roll things on.

Jeffrey Paul Schmitt
William Blair & Company L.L.C., Research Division

And then the predictive analytics platform. I guess, you could -- -- I mean is the idea to put all lines of business on that over time or would there be any that that wouldn't apply to?

Mark Edmund Watson
President & CEO

Well again, I mean the goal would be to try and do everything. I think as a practical matter, it's more useful for small and medium accounts. There's a lot more nuance in the larger accounts, which I think also continue to be relationship driven. So we're going to start with the small account business, and we'll see where we go from there.

Jeffrey Paul Schmitt
William Blair & Company L.L.C., Research Division

And how far is that along? Is that as early stage as the online quick quote?

Mark Edmund Watson
President & CEO

I think it's even earlier, so.

Jeffrey Paul Schmitt
William Blair & Company L.L.C., Research Division

Got it. Got it. So there's not even much anecdotal evidence of its benefits on?

Mark Edmund Watson
President & CEO

Well, no, there's not. You're right.

Operator

And this concludes the question-and-answer session. So I would like to turn the floor back over to Mark Watson for any closing comments.

Mark Edmund Watson
President & CEO

I'm allergic to something we're talking about. I'd like to thank everyone for being on the call. We've had a lot going on over the last year, and I think that we had a chance to show some of that on a year-over-year basis for the third quarter. And we look forward to talking to everyone at the end of the fourth quarter. And that concludes my remarks. Thank you.

Operator
Thank you. The conference has now concluded. Thank you for attending today's presentation. You may now disconnect your lines.